

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF VALLEY ) APPEAL NO. 07-A-2693  
KIMBERLY, LLLP from the decision of the Board of ) FINAL DECISION  
Equalization of Valley County for tax year 2007. ) AND ORDER

**RESIDENTIAL PROPERTY APPEAL**

THIS MATTER came on for hearing January 17, 2008, in Cascade, Idaho before Hearing Officer Travis Vanlith. Board Members Lyle R. Cobbs, Linda S. Pike, and David E. Kinghorn participated in this decision. Partner Kimberly Zanier appeared for Appellant Valley Kimberly, LLLP. Assessor Karen Campbell, Chief Deputy Assessor Deedee Gossi, and Appraiser Charles Pickens appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization modifying the protest of the valuation for taxing purposes of property described as Parcel No. RP001880000010A.

**The issue on appeal is the market value of an improved residential property.**

**The decision of the Valley County Board of Equalization is reversed.**

FINDINGS OF FACT

Subject's land value is \$165,310, and the improvements' valuation is \$292,250, totaling \$457,560. Appellant requests subject's total value be reduced to \$335,000.

Subject is a .68 acre lot located in Donnelly. Attached is a 2,036 square foot residence built in June 2007.

Appellant purchased subject lot in September 2005 for \$112,000. Sometime thereafter, construction of a residence commenced, which was completed in June 2007. Subject has been occupied since.

Appellant first referenced subject's 2005 purchase price and noted the large increase in the land assessment over the past two years. Appellant also mentioned the total assessment

was approximately \$120,000 more than subject's construction cost.

Appellant then submitted an appraisal report dated December 6, 2006. The appraisal compared three (3) sale properties to subject. The properties sold during 2006 for prices between \$311,700 and \$349,900. Adjustments were made to account for differences compared to subject, which resulted in adjusted sales prices between \$316,800 and \$356,000. After analysis, subject's value was estimated to be \$335,000. Subject was assessed at \$457,560.

Respondent presented three (3) bare land sales that occurred during 2006 to support subject's land value. The lots ranged in size from .56 to .72 acres and sold between \$149,800 and \$190,000.

Respondent referenced the same three (3) improved residential sales included in Appellant's appraisal report. Respondent stated the properties were comparable to subject so should be good indicators of subject's value. It was argued the properties supported subject's assessed values, but specific support for that position was not offered.

Respondent then mentioned the County uses a mass appraisal approach to assess property. It was explained that ratios between assessed values and sale prices are analyzed to determine if property in the County is assessed at market value, on average. The land sales referenced by Respondent indicated parcels of subject's particular grade were assessed at 94% of market value. The improved sales data indicated Respondent had assessed properties of the same grade and condition as subject at 110% of market value. Respondent claimed these properties (including subject) were assessed within the range allowed by state guidelines.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments

and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho utilizes a market data approach to value property for the purpose of taxation, as defined in Idaho Code § 63-201 (10):

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing sell, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

The Idaho Supreme Court has recognized three approaches for determining market value; the cost approach, the market data approach, and the income approach. See *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Both parties used the market data approach to support their respective value claims. Respondent provided three (3) bare land sales and both parties presented the same three (3) improved sales.

Interesting is that both parties relied on the same improved residential sales, yet arrived at drastically different value positions. Appellant’s appraisal report included adjustments for differences in the sale properties compared to subject. It should also be noted, subject was not fully constructed at the time of the appraisal or even on the statutory January 1, 2007 lien date. The report indicated subject’s exterior was complete, but not the interior.

Respondent claimed differences in the sale properties compared to subject were accounted for, but nothing was submitted to indicate what, if any adjustments were actually made. Respondent simply presented the un-adjusted sale prices compared to their 2007 assessments. This comparison revealed Respondent had valued the properties at 110% of

market value, on average. Using this as a basis for valuing subject would result in subject being valued above market, which cannot be endorsed by this Board.

From the evidence presented, the Board is persuaded by Appellant's independent appraisal. The sale properties referenced in the report were adjusted to account for differences compared to subject. Furthermore, subject's construction was not complete at the time of the appraisal report; meaning subject's value could conceivably be even lower on the January 1, 2007 lien date, than claimed by Appellant. Respondent provided nothing to indicate adjustments were made to the sale properties, nor was anything offered to rebut the value indicated in Appellant's appraisal report. Appellant has satisfied the Board by a preponderance of the evidence that subject was over-assessed. The Board accepts Appellant's total value claim of \$335,000 and will reverse the decision of the Valley County Board of Equalization accordingly.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, reversed lowering subject's total value to \$335,000.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED APRIL 3, 2008